

STOKR Partners with Telindus to Create a Blockchain-based Global Investment Platform

Connecting investors and innovators directly

Enabling entrepreneurs to raise money directly from private investors at low cost could revolutionise businesses' ability to grow and innovate. Blockchain startup STOKR has partnered with Telindus Luxembourg to create an investment platform with global reach from the Grand Duchy.

It is a tragedy whenever an innovative project fails to take off, not due to a lack of a great product, but due to a lack of funding. Too often this is due to entrepreneurs being unable to attract sufficient attention from investors just as the market is maturing. Not every entrepreneur has both the ability to develop great products and to sell the business concept to angel investors and private equity funds. Banks are generally risk averse, so securing lending for innovation is a tough.

STOKR breaks this logjam by democratising capital markets. Using lean blockchain technology it slashes the cost of fund raising for businesses by about a half, with no transaction costs at all for investors. Innovators highlight their projects online, inviting investors to investigate further. Once interest has been sparked, securities can be bought directly via an online interface using any type of IT device. STOKR takes care of the entire investment process, featuring the full range of usual blockchain safeguards such as timestamps and listings of the entire trading history. Investors can then monitor their holdings on a dashboard.

Making investment happen

“We have already helped provide €35m investment with our team, and this is set to grow considerably with new ventures coming on stream on our investment platform,” said Tobias Seidl, a co-founder and project strategy lead with STOKR. They work with firms of all sizes, be they startups, growth firms, small business and medium sized concerns with several thousand employees. These organisations do not have the means or scale to list themselves on traditional stock markets, so this system steps in to give them access to investment markets.

For example, ArtID is an Italian startup which provides authentication services for the art market, enabling works to be verified and tracked. Using this blockchain based system gives artists, art dealers and customers added trust. ArtID are seeking to raise up to €5.5m to fund future development, and have already raised nearly €1m. Infinite Fleet is a gaming company and its funding efforts will begin in August as it seeks to raise €10m.

Low cost flexibility

“What makes STOKR so attractive is there are no intermediaries such as clearing houses, custodian banks or transfer agents, thus costs are kept low and flexibility high,” said Tobias Seidl. The fact that investors pay no commission makes it particularly attractive to private individuals seeking to support innovative ideas. This system gives them the opportunity to have exposure to an asset class from which they are traditionally excluded. Wealth managers and assets managers can also benefit as they can design portfolios for end clients.

It is a peer-to-peer investment platform, operating out of the Luxembourg House of Financial Technology. It stores legally binding tokens issued on the Ethereum and Liquid blockchain, tokens

which are classed as transferable securities according to the European capital market rules. Each token represents either a fixed percentage of future profits or revenues. STOKR is registered with the French Prudential Supervision and Resolution Authority (ACPR) and as such also under supervision by Luxembourg's CSSF.

Ensuring regulatory compliance and a convenient investor experience

Ensuring solid Know Your Customer procedures as part of anti-money laundering checks is a key part of the compliance process. For this, STOKR has partnered with Telindus Luxembourg's DigitalKYC solution. "Our tool features ID-verification, biometric facial recognition, data collection, mobile phone intelligence, proof of address and profiling, which can be plugged into a variety of systems," explained Frank Roessig, head of Digital Solutions for Finance with the ICT provider.

To this are added information gathered automatically from digital sources such as legal entity registers, international sanctions lists, and registers of ultimate beneficial owners, enabling all necessary due diligence to be carried out. "This is a simple self-onboarding process where users scan an ID then this data is matched with a blockchain white list," he added. This enables a secure and seamless experience for individual as well as institutional investors, who thereby conduct their investment 100% online. All this is managed through a Luxembourg-based support PSF.

Accessible for all securities

Tobias Seidl believes this system could be scaled up to enable the tokenisation of issuing of all types of asset, including real estate, renewable energy projects, notes of securitisation vehicles, profit sharing instruments and more. The technology is even adaptable to distribution of investment fund units. Although STOKR is an issuance platform, they are working on integrating secondary market options to enable securities to be traded "We don't have trading on our platform itself but we are working with third party exchanges, whether traditional or crypto exchanges, to give this liquidity," he says

Too many businesses are stymied by fragmented capital markets. STOKR can potentially connect investors and issuers from anywhere in the world, and this could represent a funding lifeline for many innovative projects. "What fintechs do to banks we do to capital markets," said Tobias.